

Transactional leadership style analysis



**ASSIGN
BUSTER**

“ Management is doing things right; leadership is doing the right thing”

Peter F. Drucker

A leader is a person who guides others toward a common goal, showing the way by example, and creating an environment in which other team members feel actively involved in the entire process. Leadership remains a very important factor to successful organizations. Ensuring that effective leaders are selected, trained and developed is of significance importance to today's organizations.

Three major types of organizational leaderships have been presented throughout the years; transactional leadership, transformational leadership, and charismatic leadership. Each type of leadership contains a certain number of attributes which distinguishes it from the others, however many theories converge into the position that each type can be used separately or in conjunction with the others.

In transformational leadership the leaders motivate their followers to perform beyond expectations by fostering a climate of trust and by creating and representing an inspiring vision of the future. In charismatic leadership, leaders differ from others by their ability to foster an impression that they and their mission are extraordinary. As such, individuals choose to follow such leaders in management settings not only because of formal authority but out of perceptions of extraordinariness. However in some extent transformational and charismatic leadership are similar and compatible.

On the other hand transactional leadership is complementary to the other two types of leadership and is based on an exchange process in which the leader provides rewards in return for the follower's effort and performance. In this paper we are going to define what transactional leadership is and then we are going to present the attributed behaviours that transactional leaders have and how these behaviours affect the organizational identification, the organizational commitment, trust and organizational citizenship behaviours of the followers.

TRANSACTIONAL LEADERSHIP:

All research and studies that have been conducted throughout the years about transactional leadership have accepted the definition given by Bass (1985) that transactional leaders clarify for their followers the followers' responsibilities, the expectations the leaders have, the tasks that must be accomplished and the benefits to the self-interests of the followers for compliance. Transactional leaders usually operate within the boundaries of the existing system, emphasize process rather than substance as means of control and are effective in stable and predictable environments. The primary factors of transactional leadership model include contingent reward, management-by-exception and laissez-faire.

The leaders, who engage in transactional behaviours, focus mainly on low order construct such as broad performance goals due to the absence of experience which is required in order to focus on higher level organizational visions. In cases when the leaders confront these kinds of situations, they engage in strategic processes so as to find a novel way to encourage their subordinates to work towards that vision. However, in most cases they

emphasize on specific goals and performance outcomes such as increase in team productivity and establishment of effective working relationships within the groups.

Additionally, transactional leaders expect their followers to have attributes such as commitment to goals, expectancy of goal attainment, expectancy of rewards and need for role clarity. In order to achieve the highest subordinate performance, these leaders use rewards and punishments as tools. For a given performance failure, transactional leaders are likely to make an attribution to lack of goals or lack of expectations of a reward from the side of the follower and therefore they respond with goal setting, instruction and training, work assignment and reward or punishment.

Finally, transactional leaders focus on environmental conditions in which they are able to interact with the followers to increase motivation through goal setting, increase action-to-action and outcome-to-outcome expectancies, and influence follower skills and abilities through training. Such conditions may include increasing resources, technology, social support and equipment.

However, it is very important to determine whether all the above attributes that transactional leaders possess are adequate enough to affect the followers and increase their performance.

EVALUATION OF TRANSACTIONAL LEADERSHIP:

There are two ways for an employee to determine if he/she has been treated fairly in his/her job; distributive justice which is related to the fairness of the

outcome an employee receives and procedural justice which is related to the fairness of the procedures used to determine those outcomes.

Transactional leaders are more likely to motivate and persuade the employees who are concerned about the fairness of the outcome because their relationship with their leaders is based on the rewards they receive in exchange for their efforts. Since one of the main attributes of the transactional leader is to make rewards contingent on performance and specify the outcomes that the individual can expect in exchange for good performance, job satisfaction will be increased when these conditions will be satisfied.

On the other hand in environments where procedural justice is the main way to determine the fairness of treatment to subordinates, the leader-employee relationship is outside the economic contract. In that case interpersonally fair treatment is very crucial. However, as we mentioned earlier transactional leaders are based on the exchange procedures to motivate their employees and less on interpersonal relationships. Therefore, in these cases transactional leadership might have no positive effect on job satisfaction.

Additionally, transactional leadership directly affects the organizational commitment of the employees. Despite the fact that emotional attachment is the major characteristic of organizational commitment many subordinates consider organizational commitment an important instrument to obtain rewards and recognition. Therefore, leaders who use economic exchanges to appraise good performance are more likely to increase the commitment of their employees.

On the other hand transactional leadership does not affect the relationship of trust between the leader and the subordinates. As we mentioned transactional leaders emphasize on specific goals and performance outcomes by requesting from their employees commitment to goals and expectancy of goal attainment. The feedback that they provide to their subordinates for their performance is either a reward or a punishment. This kind of interaction does not affect the feeling of trust from the side of the employees. This can be enhanced by the fact that transactional leaders focus on low order constructs such as broad performance goals and not on organizational visions which require the trust of the subordinates to successfully achieve these visions.

Finally, under certain conditions transactional leadership can play an important role in the organizational identification which affects the effectiveness of the company, increases the organizational citizenship behaviours and reduces turnover. As organizational identification we define the perception of “ belongingness” to an organization, of which the person is a member. Since transactional leaders provide the employees with useful information about their roles in the organization and about what is expected of them in their work, they help them to understand what the organization stands for and what it is like to be a typical member of it. However, the effectiveness of this type of leadership will also depend on the subordinate’s identity level. In cases where the employees are characterized by individual identities, transactional exchanges such as performance evaluations through rewards and punishments will overemphasize the individual contributions against the organizational goals and therefore will not increase the

organizational identification. Therefore, transactional leadership will only have an effect on employees who think and behave in ways that emphasize collaboration with the others. Additionally, despite the fact that transactional leaders provide clarity, direction and sense of security to their employees they are not able to convince employees who experience feelings of stress and anxiety to establish a strong connection with the organizational collective. This can be explained by the fact that transactional leaders do not use inspiration and mentoring to heighten the followers' sense of belongingness.

IMPLEMENTATION OF TRANSACTIONAL LEADERSHIP IN THE ORGANIZATIONS:

According to the previous paragraphs, transactional leadership is the type of leadership in which the leaders emphasize in the clarification of roles and task requirements and provide followers with material or psychological rewards contingent on the fulfilment of contractual obligations. In order for the managers to apply this type of leadership in their organizations first they must discuss with their followers what is required and clarify how these outcomes are to be achieved and the reward they will receive in exchange for their satisfactory effort and performance. This can be done by clearly defining the job descriptions of each employee, and the rules regarding work duties and then by using performance appraisals.

Therefore, when the leader assigns work to its employee, it is the responsibility of the employee to see that the assigned task is finished on time. If the assigned task is not completed on time or does not have the optimum result then the manager will have the right to punish his/her

employee for the failure. But if they accomplish the task in time then the followers will receive the rewards for successfully completing the task.

Furthermore, the managers must provide rewards in cases where the followers exceed the requested expectations. Through this policy the transactional leader can increase the job satisfaction and the expected performance of his/her employees.

PERSONAL OPINION:

As concerns my view I believe that transactional leadership can be potentially applicable and effective only in certain organizational situations. The conditions which favour the emergence of transactional leadership are characterized by stability. In stable predictable environments, organizations tend to be strictly controlled and formalized. Such organizations favour the elaboration of certain rules and regulations and determine specified performance measurement systems and hierarchical distribution. In these environments transactional leaders can emerge and become effective by emphasizing on specific goals, processes and performance outcomes.

However, there are conditions that require a leader with characteristics more than those of the transactional leader. In cases when tasks are not analyzable, standard operating procedures are not helpful, and progress cannot be easily measured, employees are likely to be frustrated and discouraged, and transactional leadership might not be applicable. The only way for a leader to motivate its members under such conditions is to infuse their tasks with an ideological meaning and purpose. Additionally, as mentioned in the previous paragraphs transactional leaders do not focus on

organizational visions but they stick on the accomplishment of specific goals. Therefore, in situations where the conditions dynamically change it is likely to be difficult for them to provide a feasible solution. For example in cases of crisis where performance goals cannot be easily specified and where leaders cannot link rewards to individual performance, employees tend to follow the person who has a vision, and novel ideas. In that case the leader must be able to establish relationships of trust and respect with its employees in order to inspire them and convince them that he/she is capable of providing inspiring strategic and organizational goals for the future.

As a conclusion I believe that a leader must combine the characteristics of transactional leadership with the characteristics which are applied in the other two types of leadership; charismatic and transformational. Therefore, he/she must be able to recognize the conditions that emerge in each situation and try to implement the right type of leadership in this situation so as to proceed with the optimal solution.